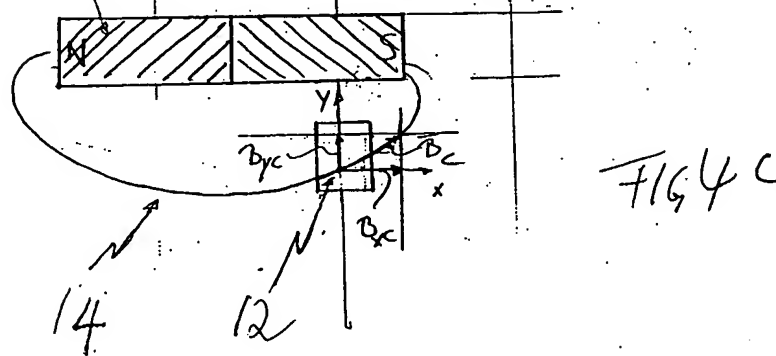
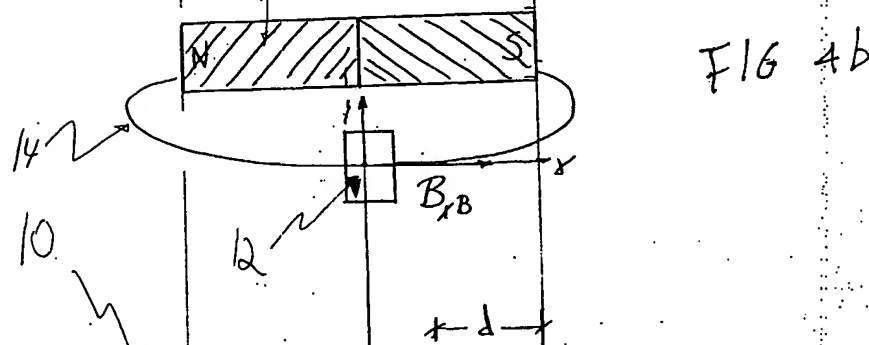
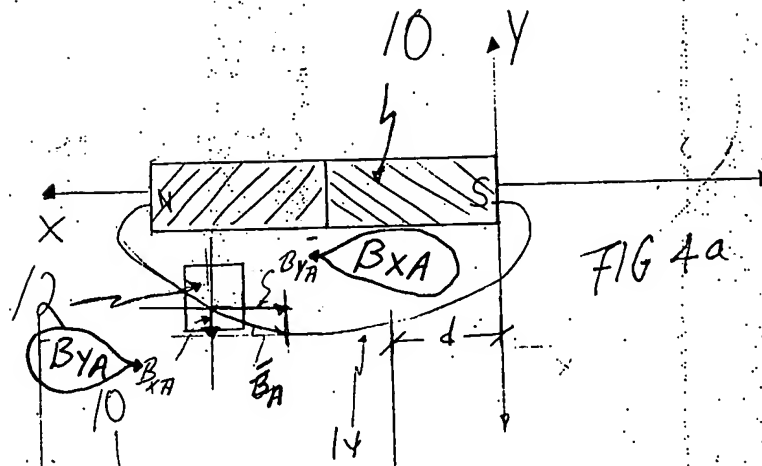


Appendix A: Marked-Up Version to Show Changes Made

The material that has been added is underlined>. Deleted material is shown bolded and in brackets.

In the Specification, at page 8, paragraph [0036]:

Figure 10 shows a borehole (41[0]) penetrating an earth formation (42). A downhole tool (44) is lowered into the borehole (41[0]). The downhole tool (44) may be a wireline tool or a logging or measuring-while-drilling tool. The downhole tool (44) includes a displacement measurement system of the invention. In accordance with one embodiment of the invention, a first magnetic sensor (50), a second magnetic sensor (52), and a third magnetic sensor (48) are located inside the downhole tool housing (46) and the magnetic field source (54) is placed outside the housing (46). The magnetic field source (54) is moveably attached to the housing (46) through couplings (56). Also, the magnetic field source (54) may be placed within an enclosure (58) to avoid direct contact with the downhole fluids. The magnetic field source (54) is attached to one end (62) of the arm (60), while the other end (64) of the arm (60) is attached to the housing (46). As stated above, the radius (r) of the borehole is determined through the geometric relations that exist between the radius of borehole, the curvature of the arm (60), and the magnetic field source (54) displacement. In another embodiment of the invention, the magnetic field source (54) is located inside the housing (44) and the magnetic sensors (48, 50, 52) are placed outside the housing.



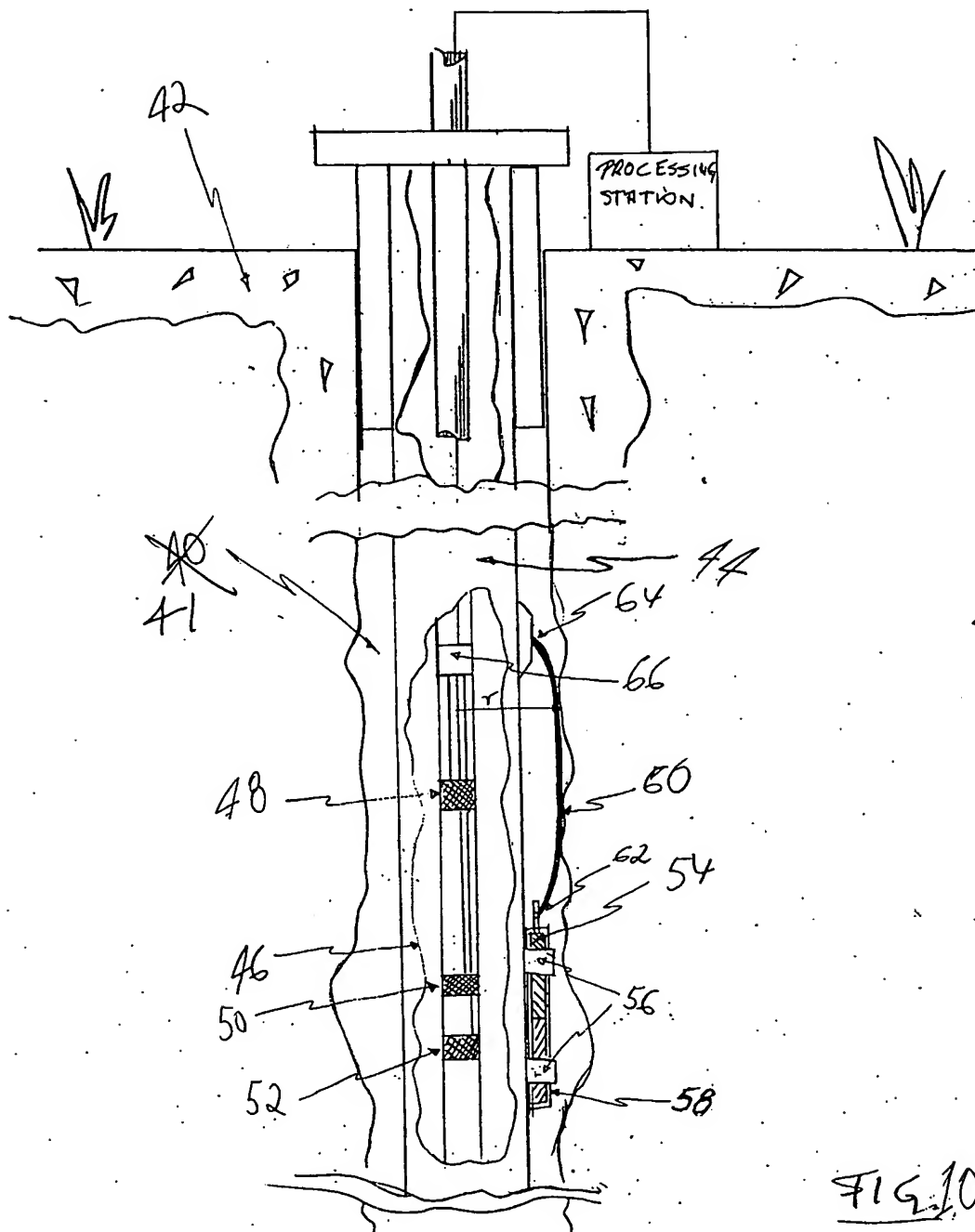


FIG. 10